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SUBJECT: MAD COWS AND THE MARITIMES

1. Although the BSE crisis has had less of an impact in Maritime Canada than in the west, the fallout from mad cow disease has been significant in this region, too. Prior to the BSE discovery Maritime provinces sold live cattle and beef across the border to the U.S., but more importantly raised cattle which were sold to fill out herds in Ontario and further west. Since live cattle have stopped moving across the border, overall demand for Maritime beef and dairy cattle has dropped significantly.

2. In Nova Scotia, Agriculture and Fisheries Minister Chris D'Entremont recently asked CG to relay to Washington the parlous state of cattle ranchers in the province and to urge a speedy resumption in cross-border trade. He noted that while the industry was not huge by Canadian or U.S. standards, for a less well-to-do province like Nova Scotia it made a big contribution to the agriculture sector and to employment. Premier John Hamm announced that the province was going to launch a marketing campaign ("Brand Nova Scotia") to encourage consumers to buy local beef. He also said that the provincial government, which serves 23,000 meals a day in various institutions, would seek to buy home-grown beef to meet its needs.

3. In Prince Edward Island, where the economy is heavily dependent on agriculture, both Premier Pat Binns and deputy opposition leader Richard Brown made a point of telling CG that their beef industry was suffering as well, and urged a speedy resumption of cross-border trade. Both drew parallels to U.S. restrictions several years ago on imports of PEI potatoes. MP Wayne Easter has taken the issue a step further, calling restrictions on beef trade "economic violence" and saying that Canada ought to "play hardball" with the U.S. to get the border re-opened for beef and cattle.

4. COMMENT: In responding to these and other questions about BSE-related restrictions on beef and cattle trade, we have made the point that it is in everyone's interest to have a science-based system that maintains public confidence in the integrity of the food supply. Most of our interlocutors -- with the possible exception of Easter -- agree in principle that that is the right approach. They just wish that things could move faster. END COMMENT.

HILL